

2009 MICHIGAN Historic Preservation Tax Credit

Issued under authority of Public Act 281 of 1967 and Public Act 36 of 2007.

INDIVIDUAL INCOME TAX AND FIDUCIARY FILERS ONLY. Attach to Form MI-1040 or MI-1041.

Filer's First Name, Middle Initial and Last Name or Business Name	Filer's Social Security Number or FEIN/TR Number
---	--

MICHIGAN BUSINESS TAX FILERS ONLY. Attach to Form 4567, 4588 or 4590.

Taxpayer Name (If Unitary Business Group, Name of Designated Member)	Federal Employer Identification Number (FEIN) or TR Number
Unitary Business Groups: Name of Unitary Business Group Member Reporting on This Form	Federal Employer Identification Number (FEIN) or TR Number

PART 1: ALL FILERS

1. Project Number (if multiple projects, see instructions) 1.

2. **State Equalized Value (SEV).** Enter the SEV of the resource 2.

	00
--	----
3. **Qualified Expenditures.** Enter the qualified expenditures for the rehabilitation of the historic resource..... 3.

	00
--	----
4. **Basic Credit.** Attach Certificate of Completion. Complete line 4a or 4b, whichever applies, and continue to 4c.
 - a. Multiply line 3 by 25% (0.25) 4a.

	00
--	----
 - b. If credit claimed on U.S. Form 3468, multiply line 3 by 5% (0.05)..... 4b.

	00
--	----
 - c. Credit ceiling from Certificate of Completion 4c.

	00
--	----
 - d. **Basic credit.** Enter lesser of lines 4a or 4b, whichever applies, and 4c. Michigan Business Tax filers carry to Form 4584, line 16, or, if credit is to be assigned, carry to Form 3614, line 7 4d.

	00
--	----

Individual Income Tax and Fiduciary Filers: Skip to Part 3.

PART 2: MICHIGAN BUSINESS TAX FILERS ONLY

5. Enhanced Credit. Attach Certificate of Completion.
 - a. Percentage from Certificate of Completion..... 5a.

	%
--	---
 - b. Multiply line 3 by line 5a 5b.

	00
--	----
 - c. Credit ceiling from Certificate of Completion 5c.

	00
--	----
 - d. **Enhanced credit.** Enter lesser of lines 5b or 5c and carry to Form 4584, line 17, or if credit is to be assigned, carry to Form 3614, line 8 5d.

	00
--	----
6. Special Consideration Credit. Attach Certificate of Completion.
 - a. Percentage from Certificate of Completion..... 6a.

	%
--	---
 - b. Multiply line 3 by line 6a 6b.

	00
--	----
 - c. Credit ceiling from Certificate of Completion 6c.

	00
--	----
 - d. **Special Consideration credit.** Enter lesser of lines 6b or 6c and carry to Form 4584, line 21, or if credit is to be assigned, carry to Form 3614, line 12 6d.

	00
--	----

Michigan Business Tax Filers: Stop here; do not continue to page 2.

PART 3: INDIVIDUAL INCOME TAX/FIDUCIARY FILERS ONLY

7. Enter assigned credit (see instructions)	7.		00
8. Carry forward Historic Preservation Tax Credit from 2008 (individual income tax and fiduciary filers only).....	8.		00
9. Historic Preservation Tax Credit. Add line 4d to lines 7 and 8. Carry this amount to line 13.....	9.		00

Individual Income Tax filers - Carry the amount from line 9 to Schedule 2, line 6a.

Fiduciary Income Tax filers - Carry the amount from line 9 to Form MI-1041, line 19a.

Tax Liability Limitation

Complete lines 10 through 16 to determine the amount of the credit needed to offset the current tax liability, and the amount, if any to carry forward to the next year or to be refunded. Credit, in excess of the current liability, may be carried forward for up to ten years to offset a future liability.

10. Tax from your 2009 MI-1040, line 17, or 2009 MI-1041, line 13	10.		00
11. Total nonrefundable credits from your 2009 Schedule 2, lines 1b, 2b, 3b, 4b, 5b and 7, or 2009 Form MI-1041, lines 14b, 15b, 16b, 17b and 18b	11.		00
12. Subtract line 11 from line 10. If less than zero, enter zero	12.		00
13. Enter the amount from line 9 above	13.		00
14. Historic Preservation Tax Credit. Enter the lesser of line 12 or line 13. Carry the amount from line 14 to your 2009 Schedule 2, line 6b, or to your 2009 Form MI-1041, line 19b	14.		00
15. Carryover to 2010. If line 12 is less than line 13, subtract line 12 from line 13. This is the amount you may carry forward. If you want a refund, go line 16	15.		00
16. Optional Refund Amount. Complete line 16 only if you want a refund of the amount on line 15.			
a. If line 12 is equal to or greater than line 8, multiply line 15 by 90% (0.9) and enter here and on your 2009 MI-1040, line 33, or 2009 MI-1041, line 25	16a.		00
b. If line 12 is less than line 8, subtract the difference between line 8 and line 12 from line 15 and multiply the difference by 90% (0.9). Enter here and on your 2009 MI-1040, line 33 or 2009 MI-1041, line 25.....	16b.		00
c. If line 8 is greater than line 12, enter the difference. This is your carryover from 2008 to 2010	16c.		00

Instructions for Form 3581

Michigan Historic Preservation Tax Credit

Purpose

To allow the eligible taxpayer to claim the Michigan Historic Preservation Tax Credit. The credit is calculated here and then carried to the *MBT Election of Refund or Carryforward of Credits* (Form 4584), or, if the credit is to be assigned, to the *MBT Historic Preservation Credit Assignment and Reassignment* (Form 3614), the *Individual Income Tax Schedule 2 Nonrefundable Credits*, or the *Fiduciary Income Tax Return* (Form MI-1041).

What Is the Historic Preservation Tax Credit?

This credit provides tax incentives for homeowners, commercial property owners and businesses to rehabilitate historic resources located in the State of Michigan.

This credit is generally nonrefundable. If the credit exceeds the taxpayer's tax liability, the balance may be carried forward up to ten years. However, for projects for which a certificate of completed rehabilitation is issued for a tax year beginning after December 31, 2008, and for which the credit amount allowed is less than \$250,000, a qualified taxpayer may elect to forgo the carryover period and receive a refund of 90 percent of the amount that exceeds the qualified taxpayer's tax liability. Such an election must be made in the year that a certificate of completed rehabilitation is issued and is irrevocable. The credit must be claimed in the year that the certification of completed rehabilitation of the historic resource was issued.

A qualified taxpayer may assign all or a portion of its credit to any assignee. The credit assignment cannot be revoked, but an assignee may subsequently reassign a credit, or any portion of an assigned credit, to one or more assignees. Both the initial assignment of the credit by the qualified taxpayer to the first assignee(s) and the subsequent reassignment by the first assignee(s) to reassignee(s) must be done in the tax year in which the certificate of completed rehabilitation is issued.

Qualified taxpayers may receive a **Basic Michigan Credit** equal to 25 percent of their qualified expenditures. For taxpayers eligible for the federal Rehabilitation Credit under Internal Revenue Code (IRC) § 47(a)(2), the Michigan credit is 25 percent of the qualified expenditures less the amount of the federal credit claimed. For example, if the amount of the federal credit is 20 percent, the state credit is 5 percent of the qualified expenditures.

Public Act 448 of 2008 amended the credit to allow a qualified MBT taxpayer to take one of two additional credits for tax years that begin on and after January 1, 2009.

The first, the **Enhanced Credit**, is equal to a percentage of qualified expenditures, not to exceed 15 percent, established in a preapproval letter issued by the State Historic Preservation Office (SHPO). The total of all Enhanced Credits awarded is capped at \$8,000,000 in calendar year 2009, increasing annually to \$12,000,000 in calendar year 2013.

The second, the **Special Consideration Credit**, is equal to a

percentage of qualified expenditures, not to exceed 15 percent, recorded on the Certificate of Completion awarded by SHPO and may be awarded to three taxpayers in calendar year 2009, and to two in each of calendar years 2010, 2011, 2012, and 2013. Special Consideration Credits are granted to rehabilitation plans expected to have a high community impact and to have significantly greater historic, social, and economic impact than those plans that earn Enhanced Credits. There is no annual cap on the dollar amount of Special Consideration Credits that may be awarded in a calendar year, however, the maximum amount of credit that may be claimed during a tax year is \$3,000,000 per project, with the excess being carried forward until used up.

The Enhanced and Special Consideration Credits are taken in addition to the Basic Credit.

NOTE: If the resource is sold or the certification of completed rehabilitation or preapproval letter is revoked less than five years after the historic resource is placed in service, a percentage of the credit may be subject to recapture. If the credit has been assigned, the recapture is the responsibility of the assignor.

Eligibility

The Michigan Historic Preservation Credit is available to eligible assignees, owners or long-term lessees of qualified historic resources who undertake rehabilitation projects that are certified by SHPO.

Property owners undertaking rehabilitation projects on depreciable properties that qualify for the federal Rehabilitation Credit must first apply for the federal credit.

Qualified Expenditures

Qualified expenditures are capital expenditures that would qualify under IRC § 47(a)(2) except that the expenditures were made for a non-qualifying historic resource under the IRC. A taxpayer with qualified expenditures eligible for the federal credit must claim and receive the federal tax credit to qualify for the Michigan credit. For projects for which a preapproval letter was issued prior to January 1, 2009, the expenditures for the rehabilitation of a historic resource must be paid not more than five years after the certification of the rehabilitation plan. For projects for which a preapproval letter was issued after December 31, 2008, only those expenditures that are paid or incurred during the time periods prescribed for the credit under IRC § 47(a)(2) and any related U.S. Treasury regulations will be considered qualified expenditures.

The preapproval letter indicates the date that the complete Historic Preservation Certification Application, Part 2, Description of Rehabilitation, was received and the amount of the credit allocated to the project based on the estimated rehabilitation cost included in the application.

The amount of the qualified expenditures must be equal to or greater than 10 percent of the State Equalized Value (SEV) of the rehabilitated property. If the resource to be rehabilitated is partially a historic or non-historic resource, only the SEV for

that portion which is historic can be used. If the SEV has not been determined for the historic portion, or the historic resource to be rehabilitated does not have an SEV, the total qualified expenditures must be equal to or greater than 5 percent of the resource's appraised value.

Special Instructions for Unitary Business Groups

An entity reporting a Historic Preservation Credit as a member of an MBT Unitary Business Group (UBG) must calculate the credit at the member entity level. The credit may then be applied to the tax liability of the UBG.

Attach this form to the unitary return. If there are multiple historic credits issued under separate account numbers, attach multiple forms to the UBG return.

Line-by-Line Instructions

Lines not listed are explained on the form.

Name and Account Number: Enter the name and account number as reported on page 1 of the applicable MBT annual return (either the *MBT Annual Return* (Form 4567) for standard taxpayers, *MBT Insurance Company Annual Return for Michigan Business and Retaliatory Taxes* (Form 4588) or the *MBT Annual Return for Financial Institutions* (Form 4590)).

UBGs: Complete one form for each member for whom this schedule applies. Enter the Designated Member (DM) name in the Taxpayer Name field and the specific member of the UBG for which this form is filed on the line below.

HIT/Fiduciary Filers only: If a portion of the credit was assigned to another taxpayer, leave lines 1 through 6 blank.

PART 1: ALL FILERS

To be completed by all filers claiming a Michigan Historic Preservation Credit.

Line 1: Enter the project number assigned by SHPO. Complete one Form 3581 for each project completed during the tax year.

Line 3: For projects for which a preapproval letter was issued prior to January 1, 2009, the expenditures for the rehabilitation of a historic resource must be paid not more than five years after the certification of the rehabilitation plan. For projects for which a preapproval letter was issued after December 31, 2008, only those expenditures that are paid or incurred during the time periods prescribed for the credit under IRC § 47(a)(2) and any related U.S. Treasury regulations will be considered qualified expenditures.

Line 4: The Basic Historic Preservation Credit is equal to either 5 percent or 25 percent of qualified expenditures, depending on the Certificate of Completion awarded by SHPO, but is limited by the maximum credit enumerated on the Certificate. The credit is the lesser of the percentage or the credit ceiling established by SHPO.

Line 4d. MBT taxpayers only, carry the amount on line 4d to Form 4584, line 16, or if credit is to be assigned, to Form 3614, line 7.

PART 2: MICHIGAN BUSINESS TAX FILERS ONLY

Line 5: The Enhanced Historic Preservation Credit is equal to

a percentage of qualified expenditures, not to exceed 15 percent, recorded on the Certificate of Completion awarded by SHPO, but is limited by the maximum credit enumerated on the Certificate. The credit is the lesser of the percentage or the credit ceiling established by SHPO.

Line 5d. Carry the amount on line 5d to Form 4584, line 17, or if credit is to be assigned, to Form 3614, line 8.

Line 6: The Special Consideration Historic Preservation Credit is equal to a percentage of qualified expenditures, not to exceed 15 percent, recorded on the Certificate of Completion awarded by SHPO, but is limited by the maximum credit enumerated on the Certificate. The credit is the lesser of the percentage or the credit ceiling established by SHPO.

Line 6d: If line 6d is \$3,000,000 or less carry the amount on line 6d to Form 4584, line 21, or if any part of this credit is to be assigned, carry the entire amount on line 6d to Form 3614, line 12. If line 6d is greater than \$3,000,000 carry the amount on line 6d to Form 3614, line 12. The Special Consideration credit must be assigned in increments of \$3,000,000 per tax year even if that assignment is to the assignor.

PART 3: INDIVIDUAL INCOME TAX/FIDUCIARY FILERS ONLY

Line 7: If assigned the credit, enter the amount of the assigned credit from the Michigan Department of Treasury approval letter provided by the assignor.

Lines 10-14: Individual and Fiduciary Income Tax filers, calculate the amount of the Michigan Historic Preservation Tax Credit needed to offset the taxpayer's tax liability. Carry the amount from line 14 to the 2009 Michigan Schedule 2, line 6b, or MI-1041, line 19b.

Line 15: Credit in excess of the tax liability may be carried forward and used in subsequent years, not to exceed ten years.

Line 16: For credit certificates issued after December 31, 2008, that are less than \$250,000, a taxpayer may elect to forego the carryforward and receive a refund of 90 percent of the amount of the 2009 credit that exceeds the tax liability. Any carryovers from prior years are not subject to this option. If you choose to receive a refund of the excess credit amount, complete line 16.

Attachments

To claim credit, attach the forms listed below to the taxpayer's *Michigan Individual Income Tax Return* (Form MI-1040), Form MI-1041, *Michigan Business Tax Annual Return* (Form 4567), *Insurance Company Annual Return for Michigan Business and Retaliatory Taxes* (Form 4588), or *Michigan Business Tax Annual Return for Financial Institutions* (Form 4590).

- Form 3581
- Historic Preservation Certification Application, Part 1, Evaluation of Eligibility, signed and dated
- Historic Preservation Certification Application Part 3, Certification of Completed Work, signed and dated
- Copy of "Michigan Verification of Taxable Credit Eligibility," if applicable
- A detailed list of qualified expenditures and dates paid.

Each IIT assignee must attach a copy of the letter the assignor received from the Michigan Department of Treasury and a completed Form 3581 with any required attachments to their Form MI-1040, or Form MI-1041.

Where to Get Treasury Forms

- Michigan Department of Treasury Web site at: **www.michigan.gov/treasuryforms**.
- Call toll-free 1-800-827-4000 to have tax forms mailed to you.

Questions

For questions regarding the tax credit, contact the Michigan Department of Treasury:

- Individual Income Tax: 1-800-827-4000
- Michigan Business Tax: (517) 636-4657

For questions regarding federal and State certification, contact SHPO at (517) 373-1630.

Additional Information

State Historic Preservation Office:
www.michigan.gov/shpo

Federal Historic Preservation Tax Incentives:
www.nps.gov/history